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PP RUEHWEB

DE RUEHKV #2339/01 3311631  
ZNY CCCCC ZZH  
P 261631Z NOV 08  
FM AMEMBASSY KYIV  
TO RUEHC/SECSTATE WASHDC PRIORITY 6805  
INFO RUEHWR/AMEMBASSY WARSAW 0247  
RUEHNO/USMISSION USNATO 0083  
RUEHVEN/USMISSION USOSCE 1884

C O N F I D E N T I A L KYIV 002339

SIPDIS

E.O. 12958: DECL: 11/25/2018  
TAGS: [PARM](#) [MASS](#) [PREL](#) [UP](#)  
SUBJECT: U.S.-UKRAINE COOPERATION ON SCUD MISSILE  
DESTRUCTION

REF: STATE 111716

Classified By: Political Counselor Colin Cleary; reasons 1.4 (b/d).

#### Summary

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¶1. (C) Following up on proposals made by the U.S. delegation at the July 30-August 1 U.S.-Ukraine Non-Proliferation Working Group discussions (reftel), a State Department delegation met with Ukrainian Ministry of Defense and National Security and Defense Council officials in Kyiv on November 18. The purpose was to further discuss the elimination of Ukraine's SCUD missiles pursuant to the 1998 confidential bilateral Memorandum of Understanding (MOU) on issues related to Ukraine's membership in the Missile Technology Control Regime. The two sides agreed to move forward on next steps in advance of the next U.S.-Ukraine Bilateral Non-Proliferation discussions, which could be held in Washington as early as February. End Summary.

#### Delegations

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¶2. (SBU) On November 18, a State delegation including ISN/NDF Senior Negotiator Paul B. van Son, ISN/MTR Deputy Director Ralph Palmiero, ISN/MTR Greg Richard, and EUR/PRA Matt Hardiman participated in discussions on eliminating Ukraine's SCUD missiles with Ukrainian Ministry of Defense and National Security and Defense Council officials. The Ukrainian side included MOD Acting Chief of the Department of Economy Sergiy Novosiolov, MOD Chief of the Department of Ammunition and Missile Disposal Anotoliy Sosnovskiy, and other MOD officials, and Aleksandr Dotsenko of the National Security and Defense Council of Ukraine (NSDC).

#### How to get the ball rolling

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¶3. (C) After introductions and agreement on the agenda, Palmiero provided a brief overview of the 1998 MOU and a summary of previous discussions/actions related to the SCUD elimination project. Van Son then provided an overview of the Nonproliferation and Disarmament Fund and provided a detailed briefing on how to move forward based on proposals made by the U.S. during July 30, 2008 non-proliferation working group meetings in Kyiv. The U.S. proposal is to use the Agreement Between the United States and Ukraine Concerning Assistance to Ukraine In the Elimination of Strategic Nuclear Arms, and the Prevention of Proliferation of Weapons of Mass Destruction, dated 25 October 1993, as Amended and Extended (the 1993 CTR Umbrella Agreement) as the basis for eliminating Ukraine's SCUD missiles and associated equipment.

¶4. (C) As part of this approach, the U.S. proposed an

exchange of diplomatic notes to add the Department of State as an executive agent to the CTR Umbrella Agreement, in much the same way as the Department of Energy was also added as an executive agent to that agreement. Following that exchange of notes, an agreement/MoU between the U.S. Department of State and the Ministry of Defense of Ukraine would be concluded to detail logistical and administrative SCUD elimination procedures, and a contract would be concluded between the service provider (NDF contractor) and the MoD for labor and support services. There will be a separate contract between the NDF and the service provider for the overall cost to the NDF for the work.

15. (C) Ukrainian reaction to this proposal was mixed but positive; both Dotsenko and Novosiolov flagged procedural issues of concern. Dotsenko urged that the project be carried out by one of the four licensed U.S. companies currently working on DTRA projects in Ukraine, as this would cut down on the administrative processing time required to register and license a new U.S. company; furthermore, Ukraine would want to ensure the process would allow local companies to bid on the project as well. He also warned that any new bilateral agreements would need Rada ratification.

16. (C) Van Son clarified that there is precedent for the addition of an Executive Agent to the Umbrella Agreement via exchange of diplomatic notes, as was done for the Department of Energy in 2004; the Agreement itself was amended in 2003 to allow other executive agents. The agreement/MoU between State and MoD would therefore be only an implementing agreement, and would not require Rada ratification. Van Son also explained that in the U.S. view, this would be a small project; the amount of equipment brought in would be small

(thus VAT exemption issues minimized), and as was the case in our SCUD elimination projects in Bulgaria and elsewhere in the region. All or nearly all contracted labor would be from the Ministry of Defense, with little or no need to hire local companies or bring in any non-Ukrainian subcontractors. This would keep costs and overhead low as well, making most efficient use of funds available. The first step would be to bring in the NDF contractor and conduct the site visits and inventory the SCUD missiles and associated equipment.

17. (C) Novsiolov noted that there have been procedural problems with other arms destruction projects recently, most notably the destruction of small and light weapons under the NATO Partnership for Peace (PfP) Trust Fund. This project has been stopped for over a year by the Ministry of Economy and the Ministry of Finance, which maintain that some items may still be salable or have novelty value. Palmiero noted that the annexes to the agreement/MoU clearly categorize the SCUD system components into items requiring elimination, demilitarization, or those not requiring demilitarization. The categorization provides a clear picture of the items that would be retained by the Government of Ukraine at the end of the project. Furthermore, he noted, few countries maintain SCUD missile programs, and hopefully these are not countries to which Ukraine would consider selling SCUD-related missile items (e.g., Syria, Iran, and North Korea.) Hardiman also sought to clarify whether the MoD concerns about potential problems with the Finance and Economy ministries as in the case of the PfP Trust Fund project. In response, the MoD indicated they would have to demonstrate the SCUD-related items to be destroyed have no value, but thought the Annexes would help mitigate any problems. Novosiolov indicated this aspect could require additional time to work out, and promised to have details available before the next bilateral Non-Proliferation meetings.

Melange  
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18. (C) Sosnovskiy raised the question of melange (starter fuel) destruction, seconded by Dotsenko. Palmiero clarified that we are willing to discuss destruction of fuel related to SCUDs, but discussion of any potential U.S. assistance would

be limited to an amount commensurate with the number of SCUDs to be destroyed. He noted that the Ukrainian estimate of sixteen thousand metric tons of melange certainly includes more than just SCUD missile fuel. Sosnovskiy admitted Palmiero was correct that the sixteen thousand tons of melange was not all SCUD fuel, and took note of the U.S. position. He also clarified that any discussion of melange destruction associated with this project would be specific to nitric acid-based fuel.

¶9. (C) Sosnovskiy informed the group that the OSCE will be assisting with destruction of 3,000 metric tons of melange starting in 2009, and that an earlier partnership with Poland had been completed with the destruction of 215 metric tons of melange. He explained that Ukraine has developed a processing center in Western Ukraine, near the Polish border, and that initial processing takes place in Ukraine and final processing in Poland. Dotsenko said the Polish government has guaranteed to take more Ukrainian melange for final processing. Van Son noted that processing and disposing of melange is very expensive, and that location, condition, and volume would impact the project budget. Thus it is even more important to get an on site inventory of the scope of this project as soon as possible.

#### Warheads

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¶10. (C) Van Son and Palmiero both asked on two separate occasions whether Ukraine had any high explosive SCUD warheads. Van Son pointed out that destruction of these raises the cost of the project considerably. Smiling, Dotsenko repeated that there were no high explosive warheads in the Ukraine SCUD inventory.

#### Next Steps

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¶11. (C) U.S. and Ukrainian officials agreed that a discussion on the margins of the next regularly scheduled U.S.-Ukraine nonproliferation discussions (normally held twice a year in February and July), would offer a convenient opportunity to meet again and for Ukraine to respond with any detailed comments to the draft U.S. agreement and diplomatic note and to discuss a possible date in the Spring for an on-site inventory. They agreed to proceed with the exchange

of diplomatic notes between the State Department and Ukraine Ministry of Foreign Affairs to add the State Department as an Executive Agent to the CTR Umbrella Agreement. Van Son stated that NDF may send the NDF's contractor (Controlled Demolition, Inc.) on a familiarization mission to Ukraine to consult with MOD and DTRO on the process of proper registration and, hopefully, begin that process. Nosiolov promised to obtain approval from MOD leadership on the MOU, and to try to facilitate the on-site inventory so that it could take place as soon as possible. Van Son stated that the delegation would meet with the Ukrainian Embassy upon their return to Washington and give them a debrief on this meeting. (Note: This meeting took place in EUR/PRA on 11/25.)

#### Comment

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¶12. (C) The November 18 meeting was a step in the right direction, and valuable particularly for the opportunity it afforded MoD to understand how State and the NDF would move forward on SCUD destruction. Challenges lie ahead in getting the inventory performed in a reasonable time frame and with the participation of the NDF contractor that will perform the work; in getting registration accomplished; and in particular, in dealing with the Ministry of Economy on registration and destruction issues. The Ministry of Economy has proven problematic recently on both of these issues. It has repeatedly refused to recognize the proper registration of a DTRO-contracted company operating legally in Ukraine. It has also held up the implementation of the NATO PFP Trust

Fund Small and Light Weapons destruction commitments approved by Ukraine's Cabinet of Ministers in 2005, although it may soon (following repeated US demarches) lift that hold.

[¶13.](#) (U) The U.S. delegation cleared this cable.  
TAYLOR